

WORKERS OF THE WHOLE WORLD, UNITE!

KIM IL SUNG

ON THE SOCIALIST
TRANSFORMATION OF
INDIVIDUAL TRADE
AND INDUSTRY

(Excerpts)

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1. IMPORTANCE OF THE SOCIALIST TRANSFORMATION OF INDIVIDUAL TRADE AND INDUSTRY

“The socialist transformation of the old relations of production in town and country is a cardinal task in the socialist revolution.” (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. V, p. 345.)

“As long as the capitalist and small-commodity sectors were left intact, it was impossible to thoroughly eradicate the sources of exploitation and poverty, and completely free the productive forces of society from the shackles of old production relations, and speedily develop the nation’s economy as a whole in a planned way.” (Kim Il Sung, *Selected Works*, Eng. ed., Vol. VI, p. 311.)

“Without transforming the peasant economy and individual trade and industry along socialist lines, it is impossible to ensure the development of the productive forces, radically improve the people’s livelihood and further cement the unity and solidarity of all the people based on the worker-peasant alliance led by the working class.” (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. I, p. 506.)

"The socialist transformation of the old economy is a process governed by the laws of development of the socialist revolution; it is a principal task that has to be tackled in the period of transition from capitalism to socialism." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. III, p. 60.)

"The socialist transformation of handicrafts and capitalist trade and industry in towns, along with agricultural cooperativization, is an important component of the socialist revolution." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. V, p. 151.)

"If socialist relations of production are to hold sway in town and country, it is necessary to transform private trade and industry along socialist lines, while cooperativizing agriculture." (*ibid.*, p. 354.)

"In order to effect the complete rule of socialist production relations throughout the society, we had to cooperativize private farming in the countryside as well as carry out the socialist transformation of handicrafts, capitalist trade and industry in urban areas." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. III, p. 66.)

"In order to put an end to the exploitation in the rural areas, the agricultural cooperation now under way should be accomplished and, at the same time, the socialist transformation of individual trade and industry should be

stepped up in the urban areas." (*On the Building of the People's Government*, Korean ed., Vol. 2, p. 99.)

"The socialist revolution and socialist construction in the northern half at present demand that the system of intermediary exploitation be abolished in the field of trade too, and private trade be reorganized along socialist lines. Without completely eliminating the intermediary exploitation still remaining in trade, the tasks of the socialist revolution can not be thoroughly implemented." (Kim Il Sung, *Selected Writings*, Korean ed., 1960, Vol. V, p. 530.)

2. OUR PARTY'S POLICY OF TRANSFORMING INDIVIDUAL TRADE AND INDUSTRY ALONG SOCIALIST LINES AND THE WAY OF CARRYING IT OUT

1) THE POLICY OF TRANSFORMING INDIVIDUAL TRADE AND INDUSTRY ALONG SOCIALIST LINES

"Handicrafts and small individual trade should be gradually transformed along socialist lines through the cooperative economy." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. I, p. 511.)

"It is no easy task to do this (to transform private trade and industry along socialist lines). In our country, however, thanks to the Party's correct policy it was accomplished as quickly and smoothly as in the case of agricultural cooperativization." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. V, p. 354.)

(1) THE POLICY OF TRANSFORMING HANDICRAFTS ALONG SOCIALIST LINES

"In the early days of the transition period, our Party

began to set up handicraft cooperatives on a trial basis, and in the postwar period, energetically pushed this programme forward, carrying it out successfully in a brief period." (Kim Il Sung, *Selected Works*, Eng. ed., Vol. VI, p. 316.)

"The socialist transformation of handicrafts in our country was already undertaken on an experimental basis before the war.

"Thanks to the assistance of the people's power after liberation, our country's handicraftsmen, who had been ruined and impoverished during the years of Japanese imperialist rule, restored and further developed their sector of the economy and markedly improved their living conditions. Nevertheless, the handicraft economy, fragmented and technically backward, was unstable and had no prospects for development. The cooperativization of a dispersed handicraft economy was the only means of further developing its production and techniques and raising the handicraftsmen's standard of living.

"In 1947, at the beginning of the transitional period, our Party laid down the policy of forming producers' cooperatives of handicraftsmen to reorganize their private economy into a socialist, cooperative one. Thus, even before the war, initial successes had been registered and some experience had been accumulated in the transformation of the handicrafts along socialist lines." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. III, pp. 66-67.)

"As large, state-run factories were mostly destroyed during the war, our Party devoted great attention to the expansion and development of cooperative industry alongside state-owned local industry in order to ensure a stable life for the people. After the war the Party more vigorously pushed forward the movement for cooperativizing handicrafts. The war had played havoc with the handicraft economy, further fragmentizing it. The handicraftsmen could only improve their living conditions if they united their economy and relied on the active assistance of the state. Under these circumstances they actively supported our Party's policy of cooperativization. Therefore, the handicraft cooperative movement progressed rapidly and was completed successfully within a few years after the war." (*ibid.*, p. 67.)

(2) THE POLICY OF TRANSFORMING CAPITALIST TRADE AND INDUSTRY ALONG SOCIALIST LINES

"In the socialist reorganization of individual trade and manufacturing, our Party and the Government of the Republic devoted special attention to the transformation of capitalist trade and manufacturing. Taking into account their characteristic features in our country, our Party adopted the line of remoulding the capitalist traders and manufacturers along socialist lines, instead of expropriating them.

"The national capitalists in colonial, semi-feudal society, though inconsistent, have some revolutionary

spirit and are keenly interested in the anti-imperialist, anti-feudal, democratic revolution. In the light of such characteristics in these capitalists, we drew them over to the side of the revolution and, together with them, carried out the national-liberation struggle and the democratic revolution. From the beginning our policy in regard to the national capitalists was not only to carry out the anti-imperialist, anti-feudal, democratic revolution together with them, but also to take them along with us to a socialist, communist society. Therefore, we could not expropriate the entrepreneurs and traders in the stage of socialist revolution just because the capitalist traders and manufacturers were the targets of the revolution. Moreover, we had no need to expropriate them because capitalist trade and manufacturing were totally destroyed in the war and the entrepreneurs and traders supported the Party's line of socialist revolution. And they had nothing, so we could not expropriate them.

"Hence, our Party adopted the line of transforming capitalist trade and manufacturing along socialist lines and saw to it that capitalist traders and manufacturers were drawn into diverse forms of cooperative economy in strict observance of the voluntary principle as all requisite conditions for this were ripe after the war." (Kim Il Sung, *Selected Works*, Eng. ed., Vol. VI, pp. 316-17.)

"The US imperialists destroyed not only the dwelling houses and property of our workers and peasants but also the economy of the small and medium entrepreneurs and the rich peasants as well. During their socialist revo-

lutions, other nations eliminated the capitalist and rich peasant classes by expropriating them, but we had no need to do so....

"Now that everything had been ravaged by the war, there was little difference between the small and medium entrepreneurs and the urban craftsmen. Everyone became a proletarian, so to speak. They had to pool their efforts and go along the road to socialism. This was the only way for them to subsist....

"As regards the small and medium entrepreneurs and rich peasants we also chose a unique way—drawing them into the cooperatives and remoulding them on socialist lines because there was no necessity to expropriate them." (*ibid.*, pp. 255-56.)

"During the period of transition, our Party's policy in relation to capitalist trade and industry was to transform them gradually into the socialist economy, utilizing their positive features and controlling their negative ones." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. III, p. 68.)

"The capitalist elements still remaining in town and country will have to be restricted and utilized, and remoulded, step by step, on socialist lines." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. I, p. 511.)

"At present, the question of utilizing private trade moderately is of considerable significance in tapping commodity reserves at home and improving the people's standard of living.

"The channels of commodity circulation are still narrow in our country, and the state and cooperative trade organizations fail to meet the people's demands satisfactorily. Under such conditions, private trade can perform an auxiliary role in the places which are insufficiently covered by the state and cooperative trade networks. Therefore, we should encourage individual traders to tap the local sources of commodities and supply them to the population....

"Individual traders...should be enabled to earn their living by carrying on their business activities within the framework of the state law, and their business activities should be made to serve the interests of the people." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. II, pp. 12-13.)

"Immediately after liberation we consistently pursued the policy of encouraging the economy of the small and medium entrepreneurs, who could fight side by side with the workers and the peasants against imperialism. Moreover, it was necessary for us to protect national capital as at that stage our industry was not fully developed." (Kim Il Sung, *Selected Works*, Eng. ed., Vol. VI, p. 255.)

"The people's power supports the legitimate business activities of entrepreneurs and traders who contribute to the development of the economy and the improvement of the people's living conditions; it opens the way to a new life for them by gradually remoulding them into socialist

working people on the voluntary principle through various cooperatives and by other methods." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. II, p. 37.)

"...while we make use of the good aspects of private trade, we should restrict its bad side to the utmost. If we do not check the negative effect of private trade or if we weaken the leading role of the state and cooperative trade organizations, it is always possible for private trade to go in for speculation and profiteering. We should continue to tighten administrative restraints and control over profiteering and speculation by individual traders and their violations of the laws of the land." (*ibid.*, p. 13.)

"...administrative measures alone are not enough to check the bad side of private trade effectively. It is important for the state and cooperative trade organizations to improve their work steadily, mobilize and supply more goods, give better service and advance their directive role. That is the way to bar individual traders from speculation and profiteering. This constitutes an important condition for promoting the socialist reorganization of private trade." (*ibid.*)

"What kind of exploitation still exists today in our countryside and towns? It is only intermediary exploitation. Merchants individually practise usury, buy farm produce cheaply from peasants and sell it at high prices to workers and office employees. This is how they are

engaged in intermediary exploitation. This is the only kind of exploitation which still exists.

"How are we to combat the phenomenon of exploitation which is still in existence? We must abolish the exploitative system by the method of emulation, that is, emulation which shows who is the better hand in trade, by strengthening the trade of the state and cooperative organizations." (*ibid.*, p. 118.)

"We must bring about a great change in trade. This alone will make it possible finally to abolish the system of exploitation in town and country. I do not mean that we should depend on the interior service organs to settle the problem. Private trade should be abolished through competition by improving everything—our procurement work, our organization of sales, quality of commodities, etc. Only by so doing will we be able to transform private trade along socialist lines. It is necessary, therefore, to develop the trade of state and cooperative organizations in order to wipe out the exploitative system still existing in counties and ri." (*ibid.*, p. 121.)

"In the sphere of trade we will improve the supply of commodities to the people through an uninterrupted growth of state and cooperative trade and ensure the complete triumph of socialist trade through an intensified competitive struggle against individual profiteers, thus eliminating the practice of middleman exploitation." (*On the Work with Children and Youth*, Eng. ed., 1978, p. 110.)

"The Party and the Government continually strengthened the socialist elements in all spheres of the national economy by rapidly developing socialist industry and expanding state and cooperative trade in the sphere of commodity circulation. On the other hand, they controlled and restricted the growth of the capitalist elements by means of taxes, price policies, and so forth." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. II, p. 288.)

"In the period of the socialist transformation of the relations of production, private trade and industry became impotent since the cooperative movement was being pushed ahead in our countryside and the role of large-scale state-owned industry and the socialist trade strengthened. Consequently their socialist transformation proceeded with comparative smoothness." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. V, p. 357.)

2) THE WAY OF CARRYING OUT THE POLICY OF TRANSFORMING INDIVIDUAL TRADE AND INDUSTRY ALONG SOCIALIST LINES

(1) CORRECT GRASP AND USE OF APPROPRIATE TIME AND FAVOURABLE CONDITIONS

"Private trade and industry were successfully transformed along socialist lines primarily because our Party

seized the right moment when conditions were favourable and made the best use of them." (*ibid.*, p. 354.)

"In the past, the prolonged colonial rule of Japanese imperialism had seriously hampered the growth of national capital in our country. Japanese imperialist capital monopolized the major branches of our national economy, and the economy of national capitalists, except for a handful of comprador capitalists, was negligible.

"After liberation, nationalization of industries, transport, communications, banks, etc., formerly in the hands of Japanese imperialists and comprador capitalists brought the socialist state sector into dominance in our national economy. Capitalist trade and industry were very weak from the beginning of the transitional period. This situation in our country provided us with favourable conditions for enlisting capitalist traders and industrialists in socialist construction and reorganizing their economy by peaceful means." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. III, pp. 67-68.)

"In the postwar period, the socialist transformation of private trade and industry posed itself as the most urgent demand. Small and weak from the outset, our private merchants and manufacturers had their factories and enterprises destroyed during the war by the indiscriminate bombing of the US imperialists. Therefore, private trade and industry were on the brink of total bankruptcy and quite a few entrepreneurs and merchants were reduced to the level of handicraftsmen and petty traders."

(Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. V, pp. 354-55.)

"During the postwar period, socialist transformation of capitalist trade and industry matured. The war had inflicted serious damage on capitalist trade and industry. A considerable number of entrepreneurs and traders were ruined and became factory or office workers in state-owned enterprises; most of the remaining capitalist traders and manufacturers were reduced to a status much the same as that of handicraftsmen or small merchants. Consequently, the capitalist traders and manufacturers found it impossible to restore their devastated economy without relying on the assistance of the state and the socialist economy and without pooling their means of production, funds and efforts." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. III, p. 68.)

"Moreover, as the process of agricultural cooperativization was accelerated and the role of the state-run industry and the socialist trade enhanced, the business activities of the private merchants and manufacturers were greatly restricted. Before agricultural cooperativization they could buy rice, fruit, meat and so on from the peasants in the countryside and process them to sell. However, after the cooperativization of the individual peasant economy and the establishment of the centralized state system for the procurement of agricultural produce, they could not get raw and other materials as they wished. With state-run industry and socialist trade growing rapidly, they even

lost their markets." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. V, p. 355.)

"Moreover, as agriculture and handicrafts were being transformed on cooperative lines, they could no longer obtain raw and other materials on the private market. When the socialist economic sector overwhelmingly dominated all spheres of the national economy, a small number of entrepreneurs and merchants could not possibly maintain their private sector.

"Only when they joined the socialist sector of the economy could the entrepreneurs and traders improve their condition, find a road to the future and serve the country and society better." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. III, p. 68.)

"Private trade and industry in our country were weak from the start, and they were mainly based on small commodity production in the countryside. The last foothold of capitalist elements in towns collapsed with the cooperativization of the individual peasant economy." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. II, p. 294.)

"The only way out for these impoverished entrepreneurs and merchants was to work collectively, pooling their efforts and funds with the assistance of the state, that is, to take the socialist path. It was not only the demand of our revolution but also an objective necessity arising from the conditions facing the capitalist traders and manu-

facturers, that they had to be led to follow the road to socialism after the war." (Kim Il Sung, *Selected Works*, Eng. ed., Vol. VI, p. 313.)

"In a word, since the socialist economic sector reigned supreme in agriculture and all other fields of the national economy, they (the private merchants and manufacturers) found themselves unable to run their businesses and improve their living conditions unless they relied on the state.

"Our Party promptly understood their situation and advanced the policy of cooperativizing them." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. V, p. 355.)

"When our Party proposed the policy of transforming private merchants and manufacturers on socialist lines some people opposed it and put forward the absurd argument that it would be more beneficial to make use of them. But we could not accept this.

"If our Party had missed this chance when conditions were favourable for the socialist transformation of private trade and industry, and had not carried it out until they accumulated some assets, we would have taken a long time and have faced a lot of problems. Furthermore, our revolution and construction would have been greatly impeded if we had left them to carry on their enterprises and trade as they wished instead of transforming them on socialist lines. At the time, some of them were doing considerable harm by stealing state-owned materials and equipment because they had no source of raw and other

materials. In addition there were undesirable practices in which private tradesmen secretly bought agricultural produce in the countryside and some cooperative farmers sold it to them at high prices instead of to the state. Therefore, without transforming private trade and industry along socialist lines it was impossible to consolidate and advance the newly-organized cooperatives in the countryside or successfully step up the building of socialism. In this situation our Party could not just leave them alone, and there was no need to restore and utilize their ruined economy." (*ibid.*, pp. 355-56.)

(2) TRANSFORMATION THROUGH VARIOUS FORMS OF COOPERATIVE ECONOMY

"Taking into account our country's specific conditions, our Party advanced the policy of transforming capitalist trade and industry through various forms of cooperative economy. The entrepreneurs and merchants supported the Party's policy of cooperativization, realizing that it conformed with their interests and represented the right direction for them to take." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. III, p. 68.)

"Strictly observing the voluntary principle, our Party saw to it that they joined in various forms of cooperatives in order to transform them (private merchants and manufacturers) along socialist lines." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. V, p. 356.)

"The Party and Government adhered to the line of transforming private trade and industry, step by step, along socialist lines, through the organization of production-and-marketing cooperatives. It has been completely in the interests of individual tradesmen and manufacturers that they have been made to pool their small holdings to serve production and trade.

"Following this policy of the Party, the entrepreneurs and tradesmen of our country started to transform themselves into socialist working people." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. II, pp. 202-203.)

"It is necessary to form producers' cooperatives for handicraftsmen to turn out plenty of daily necessities by using local raw materials. It is advisable to organize producing-marketing cooperatives for those who deal partly in trade and partly in farming while living in county seats, so that they can be engaged both in production and sale." (*On the Building of the People's Government*, Korean ed., Vol. 2, pp. 99-100.)

"Adhering strictly to the voluntary principle, the Party admitted handicraftsmen and middle and small manufacturers into various producers' cooperatives according to their respective trades. Giving priority to the consolidation of the handicraftsmen's production cooperatives, entrepreneurs were gradually incorporated into the cooperative economy; here, in particular, the semi-socialist form of the cooperative economy was broadly applied. In order to transform traders along socialist lines,

marketing cooperatives or production-and-marketing cooperatives were formed, and they were later reorganized into producers' cooperatives by gradually increasing the proportion of productive activities they undertook." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. III, p. 69.)

"Taking into account the characteristic features of the entrepreneurs and merchants, we got the entrepreneurs and handicraftsmen together in producers' cooperatives and the merchants in marketing cooperatives. Then we gradually turned the latter into producing-marketing cooperatives in which the members themselves produced goods for sale, and we later reorganized them into producers' cooperatives engaged solely in production. From the outset we also organized some private tradesmen into producing-marketing cooperatives so that they themselves could produce goods for sale. Step by step we increased the proportion of production in the producing-marketing cooperatives until they were finally transformed into producers' cooperatives engaged solely in production." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. V, p. 356.)

"We first strengthened producers' cooperatives, formed of handicraftsmen, and then gradually drew entrepreneurs into the cooperative economy; we organized marketing cooperatives or production-and-marketing cooperatives with individual traders and progressively increased the proportion of production in those cooperatives so as to reorganize them into cooperatives entirely engaged in

production.” (Kim Il Sung, *Selected Works*, Eng. ed., Vol. VI, p. 317.)

“Increasing the leading role of state-run industry and socialist trade was decisive to transforming the producing-marketing cooperatives engaged both in production and sale into producers’ cooperatives engaged only in production. Our Party ensured that the state produced large quantities of daily necessities for the people on the one hand, and on the other, greatly expanded the state trading network. Now that the state-run shops were set up everywhere and plenty of goods were supplied, the producing-marketing cooperatives could only sell their products through the state wholesale agencies. Thus, as a natural process, their selling function gradually dwindled and they became producers’ cooperatives engaged only in production.” (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. V, pp. 356-57.)

(3) PARTY AND STATE GUIDANCE AND ASSISTANCE TO COOPERATIVE ECONOMY

“Thanks to the correct leadership of our Party and the active assistance of the state, the socialist reorganization of handicrafts and capitalist trade and industry was successfully carried out.” (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. III, p. 69.)

“We should not leave the socialist reorganization of

private trade to take its own course, but should strengthen the study and guidance of it. In accordance with the basic policy of our Party with regard to the socialist transformation of private trade, we should acquaint the traders with the specific methods and bright prospects of socialist transformation.” (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. II, pp. 13-14.)

“We should persevere in our efforts to explain and propagandize private manufacturers and tradesmen to follow the road to socialism under which all people will live a happy and plentiful life, and thus make them willingly participate in the socialist cooperative economy.” (*On the Building of the Workers’ Party of Korea*, Eng. ed., Vol. 2, p. 104.)

“The socialist reorganization of private trade and industry should be carried out after a full examination of the level of consciousness of individual traders and manufacturers and all of their economic conditions. Haste can bring about very dangerous consequences in this work just as it can in the reorganization of agriculture and handicrafts.” (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. II, p. 14.)

“At the same time, the handicraftsmen and peddlers in urban districts should also be educated and persuaded gradually to be enlisted in the cooperatives.” (*On the Question of Socialist Economic Management*, Korean ed., Vol. 1, p. 182.)

"The youth and students can be of considerable help in the socialist transformation of private traders and industrialists. If we encourage the sons and daughters of private traders and industrialists to advise and urge their parents to take part in the socialist transformation of trade and industry, we will be able to achieve a great deal." (*On the Work with Children and Youth*, Eng. ed., 1978, p. 88.)

"Let me cite an example. After the war we were transforming individual tradesmen and manufacturers along socialist lines. At that time there were many individual entrepreneurs and tradesmen in Pyongyang. They not only exploited others but also often engaged in excessive profiteering or stole state-owned materials and equipment. So we explained to the students in detail the injustice of exploitation through private enterprise and trade and the advisability of joining cooperatives. And we made sure that they popularized among their parents the Party policy of forming cooperatives. So the students stubbornly urged their parents to join the cooperatives, saying: 'Father, I am really ashamed to write down in my personal record that I'm a tradesman's son. How clear and clean I shall feel, if I, too, describe myself as a co-op member's son like others! Hurry up and join the cooperative and change your social status.' They nagged at their parents once, twice, thrice, until they gave in. Thus influenced by their children, many people volunteered to join the cooperatives at the time." (Kim Il Sung, *Selected Works*, Eng. ed, Vol. VI, pp. 34-35.)

"While vigorously carrying out the socialist transformation of handicrafts and capitalist trade and industry, we gave tremendous state assistance to the consolidation of the newly-organized producers' cooperatives." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. III, p. 69.)

"In order to display the superiority of the cooperative economy in this way (through competition between individual and cooperative economies), the Party and state must give it powerful assistance." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. V, p.349.)

"In the course of this guidance work tremendous successes were achieved in correctly selecting and allocating management personnel; in establishing socialist order and system in the young cooperatives; in strengthening the socialist education of the cooperative members; in consolidating the economic foundation of the cooperatives and improving the living conditions of their members in a short space of time by rapidly increasing production." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. II, pp. 291-92.)

"Thanks to the advantages of the socialist cooperative economy, active state help and their members' eager participation in work, the economic foundations of the producers' cooperatives have been speedily reinforced, and their standard of living further improved." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. III, p. 69.)

(4) COMBINATION OF TRANSFORMATION OF ECONOMIC SECTORS AND REMOULDING OF PEOPLE

"In transforming private trade and industry along socialist lines, the Party closely combined the change of economic forms with the remoulding of people." (*ibid.*)

"An important question in their socialist transformation is how to draw those who lack the will to work into productive labour and transform them into members of the working class." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. V, p. 356.)

"In the period of socialist revolution we strove to turn all members of society into socialist working people through a close linking of the transformation of economic forms with the remoulding of people. After the triumph of the socialist system, we vigorously pushed forward the re-education of the people along communist lines, on the basis of the line of revolutionizing and working-classizing the whole of society." (Kim Il Sung, *Selected Works*, Eng. ed., Vol. VI, p. 324.)

"Collective labour is the best school for educating men. And ideological work which aims at transforming people's consciousness can be successful only through practical struggle that changes nature and society." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. III, p. 184.)

"Joining the producers' cooperatives, the entrepreneurs and merchants completely broke with their former life based on the exploitation of others, they have been changed into socialist working people who produce material wealth by their own labour. This has also speeded up their ideological transformation." (*ibid.*, p. 69.)

3. SIGNIFICANCE OF THE SOCIALIST TRANSFORMATION OF INDIVIDUAL TRADE AND INDUSTRY

"Under the Party's wise guidance, our socialist transformation of capitalist trade and manufacturing progressed at a very high rate and was completed in 1958 almost simultaneously with agricultural cooperativization." (Kim Il Sung, *Selected Works*, Eng. ed., Vol. VI, pp. 317-18.)

"...with the completion of the socialist reorganization of agriculture, handicrafts and capitalist trade and industry, socialist relations of production are completely dominant in towns and the countryside. The productive forces have been freed from the chains of the old relations of production, and exploitation of man by man has been eliminated.

"In the northern half of our country we have established a social system free from exploitation and oppression—the very system our working people had aspired to for so long, the system for which many Korean Communists fought and shed their blood. This is the greatest victory our people has achieved under our Party's leadership." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. III, pp. 69-70.)

"As a result of the socialist transformation of private handicrafts and capitalist trade and industry as well as the completion of agricultural cooperativization, the socialist forms of economy came to hold undivided sway in our towns and countryside. This opened a wide avenue for the rapid development of the country's productive forces, made it possible to liquidate the sources of exploitation and poverty which had existed for thousands of years and markedly improve the material and cultural standards of the people." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. V, pp. 151-52.)

"Today, the cooperative industry plays an important role in the development of the national economy. With the great pride and enthusiasm of an honourable socialist working people, members of our producers' cooperatives are taking part in the construction of socialism." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. III, p. 69.)

"By joining the producers' cooperatives, the entrepreneurs and traders completely broke with the past when they lived off others, and were transformed into socialist working people who produce material wealth by their own labour." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. V, p. 151.)

"With the completion of the cooperativization of agriculture and the socialist transformation of private trade and industry, a socialist system free from exploitation and oppression was firmly established in the

northern half of our country. This opened a wide avenue for the rapid development of the country's productive forces and the radical improvement of the people's material and cultural life. The triumph of the socialist system also created the socio-economic conditions for the political and moral unity of the entire people based on the worker-peasant alliance led by the working class." (Kim Il Sung, *Selected Works*, 2nd Eng. ed., Vol. IV, p. 216.)

"With the successful accomplishment of the historic task of the socialist transformation of the old production relations in town and country, an advanced socialist system free from exploitation and oppression was established in the northern half of our country. The victory of the socialist system in the north opened up a broad path for the further promotion of socialist construction and the radical improvement of the people's material and cultural welfare." (Kim Il Sung, *Selected Works*, Eng. ed., Vol. VI, p. 318.)

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